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8-0300.00 STATE AID PAYMENT ADJUSTMENTS

8-0300.10 HOW TO READ PAYMENT ADJUSTMENT CODES

Payment adjustment codes used for direct state aid, special education payments, and guaranteed tax subsidies are four digit codes. These adjustments appear in OPI's monthly payment advice sent to school districts.

The first digit identifies the year affected:

- 1X-XX Current Year (CY) Adjustment
- 2X-XX Prior Year (PY) Adjustment

The second digit identifies the general impact of the adjustment:

- X1-XX Adjusting Payment
- X2-XX Adjusting Paid-to-Date
- X3-XX Adjusting Payment and Paid-to-Date

8-0300.20 LIST OF ADJUSTMENT CODES

The adjustment codes and accounting entries to record the adjustment are shown below.

CODE 11-01	Unusual Enrollment Increase
CODE 12-02	Advance Outside of the Payment System
CODE 12-03	Adjusting Paid-to-date--Overpayment in Another Revenue Source
CODE 12-04	Adjusting Paid-to-date--Overpayment for Change in Eligibility
CODE 12-05	Payments Returned to OPI
CODE 12-06	Regular Payment Outside of the Payment System
CODE 13-02	Advance Within the Payment System
CODE 13-06	Regular Payment Within the Payment System--Not Paid on Schedule
CODE 21-11	Adjusting Prior Year Payment for Audit Change in ANB
CODE 21-12	Adjusting Prior Year Payment for Change in Excess Reserves
CODE 21-13	Adjusting Prior Year Payment for Reversion

Enrollment changes affecting the current year do not appear on the list above. Current year ANB changes cause current year changes in direct state aid, guaranteed tax base, budget limitations, and the amount allowed for reserves in the General Fund. They do not appear on payments as "adjustments."

8-0300.30 RECORDING ADJUSTMENTS

Adjustments are usually made in the month the error is discovered. However, some adjustments which decrease the payment may be made over a few months. Sometimes adjustments may cause the net payment to be zero. Accounting entries may still be needed even if the net payment is zero. The following accounting entries **assume the school district posts revenues to the accounting records when the county treasurer's report is received**. Accordingly, the school district should use a combination of the monthly county treasurer report, any adjustment explanation letter, and the OPI monthly payment advice to record these entries.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

CODE 11-01 Unusual Enrollment Increase

This adjustment code shows additional direct state aid (DSA) paid for budget amendments for unusual enrollment increases (UEI).

The first month of payment will include all prior months' unpaid amounts for which you are eligible (i.e., to "catch-up"). Each month thereafter, the district will receive 10% of the total UEI amount in addition to the original payment amount. For example, assume it is January and OPI has received the finalized budget amendment resolution adopted by the trustees. In the next scheduled monthly payment, the district will receive the first additional DSA payment. This payment would include the total amount of UEI divided by 10, times the number of DSA payments made to date (5). Payments for February, March, April, June, and July, will include 10% of the remaining UEI each month.

Accounting Entry:

The monthly payment for DSA (3110) this month is the combined total of the regular DSA payment (3110) and UEI adjustment (3110).

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 402 Revenue Control	(net pymt amt)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(reg + amt adj this month per OPI pymt advice)

CODE 12-02 Advance Outside of the Payment System

This adjustment code shows an advance being paid outside of the MAEFAIRS payment system. This adjustment may be used in any payment type. The adjustment increases the total paid-to-date by the amount of the advance that was sent to the district separate from the normal payment. The advance would be received before the monthly payment advice, which lists the adjustment code.

Accounting Entry:

When posting revenues this month, sum the amounts from both the regular payment due and the 12-02 advance adjustment.

General Ledger	
Debit: 101 Cash	(reg + adj per OPI pymt advice)
Credit: 402 Revenue Control	(reg + adj per OPI pymt advice)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(reg + adj per OPI pymt advice)
Credit: 01-3115 Special Education	(reg + adj per OPI pymt advice)
Credit: 01-3120 GTB	(reg + adj per OPI pymt advice)

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

CODE 12-03 Adjusting Paid-to-date--Overpayment in Another Revenue Source

Occasionally, a change in eligibility results in an overpayment of a particular revenue type. In addition, a negative amount might appear in the balance due field. This adjustment increases the paid-to-date in one revenue type. It is always used in conjunction with code 12-04 which decreases the paid-to-date (and corrects the negative balance due to zero) in another revenue type. This adjustment allows the district to correct the overpayment without having to return the monies.

Accounting Entry:

See accounting entry under Code 12-04.

CODE 12-04 Adjusting Paid-to-date--Overpayment for Change in Eligibility

Occasionally, a change in eligibility results in an overpayment of a particular revenue type. This adjustment decreases the paid-to-date in one revenue type. It is always used in conjunction with code 12-03 which increases the paid-to-date in another revenue type. This adjustment allows the district to correct the overpayment without having to return the monies. This adjustment can also result in a zero monthly payment.

Accounting Entry to record a 12-03 and 12-04 Adjustment:

Example: Assume ANB had to be increased for the current year which resulted in a GTB overpayment in June.

For a decreased monthly payment:

General Ledger	
Debit: 101 Cash	(net pymt amount)
Credit: 402 Revenue Control	(net pymt amount)
Revenue Subsidiary Ledger	
Debit: 01-3120 GTB	(12-04 adj per OPI pymt advice)
Credit: 01-3110 DSA	(reg + 12-03 adj per OPI pymt advice)
Credit: 01-3115 Special Education	(per OPI pymt advice)

This transaction reclassifies revenues already received.

For a decreased payment adjustment and zero monthly payment:

General Ledger	
Debit: 402 Revenue Control	(amt adj this month)
Credit: 402 Revenue Control	(amt adj this month)
Revenue Subsidiary Ledger	
Debit: 01-XXXX	(12-04 adj per OPI pymt advice)
Credit: 01-XXXX	(reg + 12-03 adj per OPI pymt advice)

Note: Debit and credit appropriate revenue accounts affected by this adjustment.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

CODE 12-05 Payments Returned to OPI

This adjustment code is used to record monies returned to OPI by warrant because of an overpayment in any revenue type for the current year. This code reduces the paid-to-date amount of the appropriate revenue type by the amount returned by the district.

Accounting Entry at the time the warrant is written:

General Ledger
Debit: 402 Revenue
Credit: 101 Cash or 620 Warrants Payable
Revenue Subsidiary Ledger
Debit: 01-XXXX

Code to revenue source being returned (reduced). Make sure the refund the district sent is shown on the next monthly payment advice as a 12-05 adjustment.

CODE 12-06 Regular Payment Outside of the Payment System

This adjustment code is used to record a payment made outside the MAEFAIRS payment system (i.e., not paid on the normal payment time schedule as approved by the Board of Public Education.) This adjustment increases the paid-to-date amount by the amount of the payment made outside of the MAEFAIRS system.

Accounting Entry:

When posting revenues this month, add the amounts from both the regular payment due plus the 12-06 adjusted amount.

General Ledger	
Debit: 101 Cash	(reg + adj per OPI pymt advice)
Credit: 402 Revenue Control	(reg + adj per OPI pymt advice)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(reg + adj per OPI pymt advice)
Credit: 01-3115 Special Ed	(reg + adj per OPI pymt advice)
Credit: 01-3120 GTB	(reg + adj per OPI pymt advice)

Be sure not to record this adjustment twice.

CODE 13-02 Advance Within the Payment System

This adjustment code is used when advances are paid within the regular payment schedule for a payment type (i.e., paid within the payment schedule as approved by the Board of Public Education). The current monthly payment amount and the paid-to-date are increased by the amount of the adjustment.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

Accounting Entry:

The regular monthly payment plus the advance should equal the total monthly payment for this month. Using the appropriate revenue source(s) that received an advance, record the following entry:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 402 Revenue Control	(net pymt amt)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(reg + adj per OPI pymt advice)
Credit: 01-3115 Special Ed	(reg + adj per OPI pymt advice)
Credit: 01-3120 GTB	(reg + adj per OPI pymt advice)

CODE 13-06 Payment Within the Payment System--Paid Outside Schedule

This adjustment code is used for payments made on the MAEFAIRS system, but not at the scheduled payment time. The current monthly payment amount and the total paid-to-date are increased by the amount of the adjustment. An example would be GTB not paid as usual in November, but paid with the December payment (not a regular payment schedule for GTB).

Accounting Entry:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 402 Revenue Control	(net pymt amt)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(per OPI pymt advice)
Credit: 01-3115 Special Ed	(per OPI pymt advice)
Credit: 01-3120 GTB	(adj per OPI pymt advice)

Note: 13-06 adjustments are almost always GTB. If not, use other appropriate revenue source in place of 3120.

CODE 21-11 Adjusting Prior Year Payment for Audit Change in ANB

This adjustment code is used to record all prior year adjustments made for audit exceptions to reported ANB. This adjustment code reduces or increases the monthly payment by the amount of the adjustment. Increases are generally paid to districts in one adjustment. Adjustments withheld from payments are usually spread throughout the remaining year's payments or based on a negotiated repayment schedule. The method to record the adjustment differs depending on whether or not an accrual was previously recorded and whether the net payment is zero.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

Accounting Entry:

For an increased payment adjustment:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 402 Revenue Control	(net pymt amt)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(per OPI pymt advice)
Credit: 01-3115 Special Education	(per OPI pymt advice)
Credit: 01-3120 GTB	(per OPI pymt advice)
Credit: 01-6100 Prior Period Adj	(amt adj per OPI pymt advice)

If you accrued a receivable at June 30:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 180 Due From Other Govts	(amt adj per OPI pymt advice)
Credit: 402 Revenue Control	(pymt amt less adj)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(per OPI pymt advice)
Credit: 01-3115 Special Education	(per OPI pymt advice)
Credit: 01-3120 GTB	(per OPI pymt advice)

For a decreased payment adjustment:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Credit: 402 Revenue Control	(net pymt amt)
Revenue Subsidiary Ledger	
Debit: 01-6100 Prior Period Adj	(amt adj this month per OPI pymt advice)
Credit: 01-3110 Direct State Aid	(per OPI pymt advice)
Credit: 01-3115 Special Education	(per OPI pymt advice)
Credit: 01-3120 GTB	(per OPI pymt advice)

If you accrued a liability or deferred revenue at June 30th:

General Ledger	
Debit: 101 Cash	(net pymt amt)
Debit: 611/680 Due to Other Govts/Def'd Rev	(amt adj this month per OPI pymt advice)
Credit: 402 Revenue Control	(Cash plus adj)
Revenue Subsidiary Ledger	
Credit: 01-3110 Direct State Aid	(per OPI pymt advice)
Credit: 01-3115 Special Education	(per OPI pymt advice)
Credit: 01-3120 GTB	(per OPI pymt advice)

8-0300.30 RECORDING ADJUSTMENTS (Continued)

For a decreased payment adjustment and zero monthly payment:

General Ledger		
Debit:	402 Revenue Control	(amt adj this month)
Credit:	402 Revenue Control	(amt adj this month)
Revenue Subsidiary Ledger		
Debit:	01-6100 Prior Period Adj	(amt adj this month per OPI pymt advice)
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

Note: This entry reclassifies the overpayment received in a prior year as current year receipts of that revenue.

If you accrued a liability or deferred revenue at June 30:

General Ledger		
Debit:	611/680 Due to Other Govts/Def'd Rev	(amt adj this month per OPI pymt advice)
Credit:	402 Revenue	(amt adj this month per OPI pymt advice)
Revenue Subsidiary Ledger		
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

Note: This entry reclassifies the overpayment received in a prior year as current year receipts of that revenue.

CODE 21-12 Adjusting Prior Year Payment for Change in Excess Reserves

This adjustment code is used to record all adjustments for prior year excess reserve calculations. This code normally is used for overpayments of GTB. This adjustment reduces the monthly payment by the amount of the adjustment. Usually, this adjustment is made within one payment, but it could be made over a number of payments.

For a decreased payment adjustment:

General Ledger		
Debit:	101 Cash	(net pymt amount)
Credit:	402 Revenue Control	(net pymt amount)
Revenue Subsidiary Ledger		
Debit:	01-6100 Prior Period Adj	(adj per OPI pymt advice)
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

Note: This entry reclassifies the GTB payment overpaid in a prior year as current year GTB received.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

For a decreased payment adjustment and zero monthly payment:

General Ledger		
Debit:	402 Revenue Control	(amt adj this month)
Credit:	402 Revenue Control	(amt adj this month)
Revenue Subsidiary Ledger		
Debit:	01-6100 Prior Period Adj	(adj per OPI pymt advice)
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

Note: This entry reclassifies the GTB payment overpaid in a prior year as current year GTB received.

CODE 21-13 Adjusting Prior Year Payment for Reversion

This adjustment is used to correct prior year payments for a reversion (i.e., required repayment of money which was not spent as required). Presently, the code is only used for special ed reversions. The adjustment reduces the monthly payment by the amount of the reversion. This adjustment is either made in one payment or over several payments, depending on the size of the reversion. The method to record the adjustment differs depending on whether or not an accrual was previously recorded and whether the net payment is zero.

If you accrued a liability or deferred revenue at June 30th:

General Ledger		
Debit:	101 Cash	(net pymt amt)
Debit:	611/680 Due to Other Govts/Def'd Rev	(adj per OPI pymt advice)
Credit:	402 Revenue Control	(cash + adj)
Revenue Subsidiary Ledger		
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

If you did not accrue a liability or deferred revenue at June 30th:

General Ledger		
Debit:	101 Cash	(net pymt amount)
Credit:	402 Revenue Control	(net pymt amount)
Revenue Subsidiary Ledger		
Debit:	01-6100 Prior Period Adj	(adj per OPI pymt advice)
Credit:	01-3110 Direct State Aid	(per OPI pymt advice)
Credit:	01-3115 Special Education	(per OPI pymt advice)
Credit:	01-3120 GTB	(per OPI pymt advice)

Note: This entry reclassifies the overpayment received in a prior year as current year receipts of that revenue.

8-0300.30 RECORDING ADJUSTMENTS (Cont'd)

If the monthly payment is zero and you accrued a liability or deferred revenue at June 30:

General Ledger

Debit: 611/680 Due to Other Govts/Def'd Rev (amt adj this month per OPI pymt advice)

Credit: 402 Revenue (amt adj this month per OPI pymt advice)

Revenue Subsidiary Ledger

Credit: 01-3110 Direct State Aid (per OPI pymt advice)

Credit: 01-3115 Special Education (per OPI pymt advice)

Credit: 01-3120 GTB (per OPI pymt advice)

If the monthly payment is zero and you did not accrue a liability or deferred revenue at June 30th:

General Ledger

Debit: 402 Revenue Control (amt adj this month per OPI pymt advice)

Credit: 402 Revenue Control (amt adj this month per OPI pymt advice)

Revenue Subsidiary Ledger

Debit: 01-6100 Prior Period Adj (amt adj this month per OPI pymt advice)

Credit: 01-3110 Direct State Aid (per OPI pymt advice)

Credit: 01-3115 Special Education (per OPI pymt advice)

Credit: 01-3120 GTB (per OPI pymt advice)

Note: This entry reclassifies the overpayment received in a prior year as current year receipts of that revenue.

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